

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** July 1, 2008  
**POSITION:** Neutral, note concerns  
**SPONSOR:** CA Biodiesel Alliance

**BILL NUMBER:** SB 1574  
**AUTHOR:** D. Florez

### **BILL SUMMARY: Underground Storage Tanks: Biodiesel**

This bill would, for a limited time, allow underground storage tanks (USTs) that contain biodiesel to be exempt from third party certification. The bill would declare that a UST containing biodiesel shall be deemed in compliance with the law if designed such that it is compliant when containing diesel. Additionally, the local compliance agency must determine that the UST containing biodiesel uses best management practices including the deployment of a double walled tank and double walled piping.

### **FISCAL SUMMARY**

Existing law requires USTs to be inspected annually to determine whether a tank complies with requirements for design and construction. As such, this legislation would introduce minimal, if any, additional costs for enforcement. Should the exemption not be enacted, there may be significant costs to entities that would no longer be able to use their UST to store biodiesel.

### **COMMENTS**

The Department of Finance is neutral on this bill, but notes concerns regarding possible economic disruption and water quality safety. The proposed exemption could allow biodiesel to be stored for up to two and a half years in a UST that lacks certification of tank compatibility. However, without this exemption, entities with USTs storing biodiesel would be forced to shut them down.

Current law requires biodiesel manufacturers to obtain third party certification that shows the substances to be stored are compatible with the materials of the tank. However, there is no current Underwriters Laboratory certification for UST equipment used for biodiesel. The exemption that this bill would authorize would expire when the State Water Resources Control Board determines that Underwriters Laboratories, Inc. has established a certification standard for USTs that contain biodiesel or January 1, 2011, whichever occurs first.

Upon inspection of a UST containing biodiesel that is otherwise in compliance, a local agency may determine that the UST poses a risk to water quality. The agency may then take enforcement action with regard to that UST.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Fund Code
3940/SWRCB	SO	No	----- No/Minor Fiscal Impact -----						0439
<u>Fund Code</u>	<u>Title</u>								
0439	Underground Storage Tank Cleanup Fund								

Analyst/Principal (0622) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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